

IC 27-7-6

Chapter 6. Cancellation of Automobile Insurance Policies

IC 27-7-6-1

Limitations on power of issuance, cancellation, and nonrenewal

Sec. 1. The issuance, cancellation, and nonrenewal of automobile insurance policies by insurers shall be subject to the limitations set out in this chapter.

(Formerly: Acts 1969, c.332, s.1.) As amended by P.L.252-1985, SEC.263; P.L.121-1990, SEC.8.

IC 27-7-6-2

"Automobile insurance policy", "automobile liability coverage", and "policy" defined

Sec. 2. "Automobile insurance policy" means a policy delivered or issued for delivery in this state or covering a motor vehicle required to be registered in this state providing coverage for bodily injury and property damage liability, medical payments, and uninsured motorists or any combination thereof, and insuring as the named insured a natural person or more than one (1) natural persons related to each other, resident of the same household, and under which the insured vehicles therein designated are as:

- (a) a motor vehicle of the private passenger or station wagon type that is not used as a public or livery conveyance for passengers, nor rented to others; or
- (b) any other four-wheel motor vehicle with a load capacity of one thousand five hundred (1,500) pounds or less which is not used in the occupation, profession, or business of the insured; provided, however, that this chapter shall not apply:

- (1) to any policy issued under an automobile assigned risk plan;
- (2) to any policy insuring more than four (4) automobiles; or
- (3) to pay policy covering garage, automobile sales agency, repair shop, service station, or public parking place operation hazards.

"Automobile liability coverage" includes only coverage of bodily injury and property damage liability, medical payments and uninsured motorists coverage.

"Policy" shall be deemed to mean a policy providing automobile liability coverage.

(Formerly: Acts 1969, c.332, s.2.) As amended by P.L.252-1985, SEC.264.

IC 27-7-6-3

"Renewal" or "to renew" defined

Sec. 3. "Renewal" or "to renew" means the issuance and delivery by an insurer of a policy replacing at the end of the policy period a policy previously issued and delivered by the same insurer insuring the same insured, or the issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period or

term; provided, however, that any policy with a policy period or term of six (6) months or less and any policy with no fixed expiration date shall for the purposes of this chapter be considered as if written for a policy period or term of six (6) months; and provided further, that any policy written for a term longer than one (1) year shall for the purposes of this chapter be considered as if written for successive policy periods or terms of one (1) year, and such policy may be terminated by the insurer at the expiration of any annual period upon giving twenty (20) days notice of cancellation prior to such anniversary date, and such cancellation shall not be subject to any other provisions of this chapter.

(Formerly: Acts 1969, c.332, s.3.) As amended by P.L.252-1985, SEC.265.

IC 27-7-6-4

Notice of cancellation; authorized reasons

Sec. 4. A notice of cancellation by an insurer of an automobile insurance policy as defined in this chapter shall be effective only if such cancellation is for one (1) or more of the following reasons:

(a) Nonpayment of premium which is defined to mean for the purposes of this chapter the failure of the named insured to discharge when due any of his obligations in connection with the payment of premiums on a policy, or any installment of such premium whether the premium is payable directly to the insurer or its agent or indirectly under any premium finance plan or extension of credit.

(b) The driver's license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates an automobile insured under the policy has been denied or has been under suspension or revocation during the policy period or the existence of one (1) or more grounds for such denial, suspension, or revocation has become known.

(c) The named insured or any other operator who either resides in the same household or customarily operates an automobile insured under the policy:

(1) is under treatment for epilepsy or heart disease and does not produce a certificate from a physician testifying to the operator's unqualified ability to operate a motor vehicle safely; or

(2) uses drugs or alcoholic beverages to excess.

(d) Fraud, willful misrepresentation, or concealment on the part of any insured in respect to any material fact or circumstance relating to the issuance or continuance of the policy or relating to a loss.

(e) Violation of any terms or conditions of the policy.

(f) The place of residence of the insured or the state of registration or license of the insured automobile is changed to a state or country in which the insurer is not licensed.

Provided, however, that a change or substitution in policy form shall

not be deemed to be a cancellation within the intent of this chapter; provided, further, that nothing in this section shall apply to nonrenewals. This section shall not apply to any policy or coverage which has been in effect less than sixty (60) days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy.

(Formerly: Acts 1969, c.332, s.4.) As amended by P.L.252-1985, SEC.266.

IC 27-7-6-5

Notice of cancellation; time for mailing or delivery; notice to insurance producer

Sec. 5. No notice of cancellation of a policy to which section 4 of this chapter applies shall be effective unless mailed or delivered by the insurer to the named insured at least twenty (20) days prior to the effective date of cancellation; provided, however, that where cancellation is for nonpayment of premium at least ten (10) days notice of cancellation accompanied by the reason therefor shall be given. In the event such policy was procured by an insurance producer duly licensed by the state of Indiana, notice of intent to cancel shall be mailed or delivered to the insurance producer at least ten (10) days prior to such mailing or delivery to the named insured unless such notice of intent is or has been waived in writing by the insurance producer. Unless the reason accompanies or is included in the notice of cancellation, the notice of cancellation shall state or be accompanied by a statement that upon written request of the named insured, mailed or delivered to the insurer not less than fifteen (15) days prior to the effective date of cancellation, the insurer will specify the reason for such cancellation. This section shall not apply to nonrenewal.

(Formerly: Acts 1969, c.332, s.5.) As amended by P.L.252-1985, SEC.267; P.L.178-2003, SEC.45.

IC 27-7-6-6

Notice of intention not to renew; time for mailing or delivery; notice to insurance producer

Sec. 6. (a) No insurer shall fail to renew a policy unless it shall mail or deliver to the named insured, at the address shown in the policy, at least twenty (20) days' advance notice of its intention not to renew. In the event such policy was procured by an insurance producer duly licensed by the state of Indiana notice of intent not to renew shall be mailed or delivered to the insurance producer at least ten (10) days prior to such mailing or delivery to the named insured unless such notice of intent is or has been waived in writing by the insurance producer.

(b) This section shall not apply:

- (1) if the insurer has manifested its willingness to renew; or
- (2) in case of nonpayment of premium.

However, notwithstanding the failure of an insurer to comply with this section, the policy shall terminate on the effective date of any

other insurance policy with respect to any automobile designated in both policies.

(c) A notice of intention not to renew is not required if:

- (1) the insured is transferred from an insurer to an affiliate of the insurer for future coverage as a result of a merger, an acquisition, or a company restructuring;
- (2) the transfer results in the same or broader coverage; and
- (3) the insured approves the transfer.

(d) Renewal of a policy shall not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of such renewal.

(Formerly: Acts 1969, c.332, s.6.) As amended by P.L.160-2003, SEC.24; P.L.178-2003, SEC.46; P.L.97-2004, SEC.98.

IC 27-7-6-7

Proof of mailing notice

Sec. 7. Proof of mailing of notice of cancellation, or of intention not to renew or of reasons for cancellation, to the named insured at the address shown in the policy shall be sufficient proof of notice.

(Formerly: Acts 1969, c.332, s.7.)

IC 27-7-6-8

Notice of possible eligibility under assigned risk plan

Sec. 8. When a policy providing automobile liability coverage is cancelled, other than for nonpayment of premium, or in the event of failure to renew a policy providing automobile liability coverage to which section 6 of this chapter applies, the insurer shall notify the named insured of his possible eligibility for automobile liability insurance through other insurers or through the automobile liability assigned risk plan. Such notice shall accompany or be included in the notice of cancellation or the notice of intent not to renew.

(Formerly: Acts 1969, c.332, s.8.) As amended by P.L.252-1985, SEC.268.

IC 27-7-6-9

Compliance with request for reason for cancellation or nonrenewal; time limits

Sec. 9. Where the reason for cancellation does not accompany or is not included in the notice of cancellation, the insurer shall upon written request of the named insured, mailed or delivered to the insurer not less than fifteen (15) days prior to the effective date of cancellation, specify in writing the reason for such cancellation. Such reason shall be mailed or delivered to the named insured within five (5) days after receipt of such request.

(Formerly: Acts 1969, c.332, s.9.)

IC 27-7-6-10

Exemption from liability for statements made in giving reasons for cancellation or nonrenewal

Sec. 10. There shall be no liability on the part of and no cause of

action of any nature shall arise against the commissioner of insurance or against any insurer, its authorized representative, its insurance producers, its employees, or any firm, person, limited liability company, or corporation furnishing to the insurer information as to reasons for cancellation, for any statement made by any of them in any written notice of cancellation, or in any other communication, oral or written specifying the reasons for cancellation, or the providing of information pertaining thereto, or for statements made or evidence submitted at any hearings conducted in connection therewith.

(Formerly: Acts 1969, c.332, s.10.) As amended by P.L.8-1993, SEC.426; P.L.178-2003, SEC.47.

IC 27-7-6-11

Dispute as to truth of reason for cancellation; hearing; findings; effect; fee

Sec. 11. (a) In the event the truth of the reason or reasons for cancellation is disputed by the named insured, the insured may, not later than ten (10) days prior to the effective date of such cancellation, apply in writing to the commissioner of insurance for a hearing. Such application shall state wherein such reason or reasons are false and a copy of such application shall be mailed or delivered to the insurer on the same date it is submitted to the commissioner.

(b) If the commissioner finds that the application was made in good faith and does in fact present a dispute as to the truth or existence of valid grounds for cancellation, the commissioner shall, within a reasonable time after receipt of such application and upon ten (10) days notice to the named insured and the insurer, hold a hearing on the matter. The findings of the commissioner shall be final and shall be issued in writing to the parties within five (5) days after the hearing.

(c) In the event of a finding that no reason for cancellation in fact exists, the cancellation shall be of no effect and the notice shall be rescinded.

(d) In the event of a finding that one (1) or more reasons for cancellation do in fact exist, the cancellation shall be effective as of the date stated in the cancellation notice.

(e) No investigation, defense, or other action undertaken by the insurer during the period between the date of cancellation stated in the notice and the date the commissioner issued findings shall be deemed a waiver of any rights or defenses on the part of such insurer.

(f) Any application for a hearing shall be accompanied by a filing fee of twenty dollars (\$20) as a condition precedent to such hearing. Such fee shall be returned to the named insured if the finding is in the insured's favor, but otherwise shall be retained by the department of insurance.

(Formerly: Acts 1969, c.332, s.11.) As amended by P.L.3-1989, SEC.154.

IC 27-7-6-12

Disabled person's automobile policy; cancellation, nonrenewal, or refusal to issue

Sec. 12. (a) As used in this section, "disabled person" means a person who is under a disability as defined by the federal Social Security Administration guidelines (42 U.S.C. 416).

(b) After June 30, 1990, an insurer may not cancel, fail to renew, or refuse to issue an automobile insurance policy to a disabled person who holds a valid driver's license solely because of the disability, nor may an insurer cancel, fail to renew, or refuse to issue an automobile insurance policy under conditions less favorable to disabled persons than nondisabled persons.

As added by P.L.121-1990, SEC.9.